

Senate Study Bill 1062

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CO=CHAIRPERSON ZIEMAN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act creating a credit from withholding for certain businesses
2 moving operations to Iowa and providing effective and
3 retroactive applicability dates.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 1128XC 81
6 tm/pj/5

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1 1 Section 1. NEW SECTION. 15E.30 NEW BUSINESS CREDIT FROM
1 2 WITHHOLDING.
1 3 A business that locates operations in this state from
1 4 another state may receive a new business credit from
1 5 withholding. The credit from withholding is only available if
1 6 the business previously had no operations located in this
1 7 state. An amount equal to three percent of the gross wages
1 8 paid by the business as an employer to each employee shall be
1 9 credited back to the employer from the payment made by the
1 10 employer pursuant to section 422.16. The credit from
1 11 withholding shall be allowed for a period of ten tax years
1 12 beginning on the date of the first remittance pursuant to
1 13 section 422.16. The employer shall certify to the department
1 14 of revenue that the credit from withholding is in accordance
1 15 with this section and shall provide other information the
1 16 department may require. An employee employed by an employer
1 17 claiming a credit from withholding under this section shall
1 18 receive full credit for the amount withheld as provided in
1 19 section 422.16.
1 20 Sec. 2. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY.
1 21 This Act, being deemed of immediate importance, takes effect
1 22 upon enactment and is retroactively applicable to January 1,
1 23 2005, for tax years beginning on or after that date.
1 24 EXPLANATION
1 25 This bill creates a credit from withholding for certain
1 26 businesses moving operations to Iowa.
1 27 The bill provides that a business that locates operations
1 28 in this state from another state may receive a new business
1 29 credit from withholding. The credit from withholding is only
1 30 available if the business previously had no operations located
1 31 in this state. The bill provides that an amount equal to 3
1 32 percent of the gross wages paid by the employer to each
1 33 employee shall be credited back to the employer from the
1 34 payment made by the employer to the state for purposes of
1 35 remitting the employee's withheld wages. The credit from
2 1 withholding shall be allowed for a period of 10 tax years
2 2 beginning on the date of the first remittance of withheld
2 3 wages by the employer. The bill provides that the employer
2 4 shall certify to the department of revenue that the credit
2 5 from withholding is in accordance with this section and shall
2 6 provide other information the department may require. The
2 7 bill provides that an employee employed by an employer
2 8 claiming a credit from withholding under this bill shall
2 9 receive full credit for the amount withheld.
2 10 The bill takes effect upon enactment and applies
2 11 retroactively to January 1, 2005, for tax years beginning on
2 12 or after that date.
2 13 LSB 1128XC 81
2 14 tm/pj/5